

UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

IN RE:)
) CHAPTER 11
AMERICAN UNDERWRITING)
SERVICES, LLC,) CASE NO. 18-58406-SMS
)
Debtor.)
_____)

**RESPONSE TO OBJECTION BY TRUSTEE
TO ADMINISTRATIVE EXPENSE CLAIM FILED BY AIG ENTITIES**

Granite State Insurance Company, Illinois National Company, New Hampshire Insurance Company, The Insurance Company of the State of Pennsylvania, and certain other entities related to AIG Property Casualty Inc. (collectively, the “AIG Entities”) file their Response to Objection by Trustee to Administrative Expense Claim filed by AIG Entities (the “Objection”) and show as follows:

1. The AIG Entities timely filed their Request for Allowance and Payment of Administrative Expense Claim Pursuant to 11 U.S.C. § 503 on January 30, 2019 (the “AIG Claim”).

2. As AIG stated when it filed the AIG Claim, Debtor was a broker that placed insurance policies for the AIG Entities. In this role, Debtor was responsible

for collecting premiums and other fees from the AIG Entities' insureds or their agents (the "Premiums") and remitting those funds to the AIG Entities.

3. AIG also noted that the Premiums collected by Debtor are property of the AIG Entities and Debtor was required by applicable law to hold the Premiums in a trust or similar vehicle for the benefit of the AIG Entities and remit the Premiums to the AIG Entities upon receipt.

4. After filing the AIG Claim, AIG received a payment from the Trustee in the amount of \$54,493.15, which accounts for only a portion of the Premiums that the Trustee received from the Debtor.

5. In the Objection, the Trustee suggests that the payment AIG received from the Trustee accounts for all but \$5,623.03 of the Premiums that the Debtor held in trust after the Petition Date, but the Objection does not specifically address certain funds that the Debtor held in trust in an account at Synovus Bank.

6. The trust account in question is Account No. 1009794716 in the name of "Transport South Insurance Trust."

7. The Trustee has provided records of the Debtor and of Synovus Bank showing a payment in the amount of \$73,905.75 was deposited in this trust account on May 16, 2018, for renewal of a policy issued to an insured named "Green

Globe, Inc.” with a premium due date of May 31, 2018. (A copy of these records is attached as Exhibit A.)

8. The bank records show the balance in this trust account was \$243,008.23 immediately after credit for the deposit of \$73,905.75.

9. Green Globe was insured by the AIG Entities, and thus, this payment was held in trust for AIG.

10. On May 18, 2018, the Debtor filed bankruptcy.

11. According the Debtor’s first monthly operating report, on May 25, 2018, funds were wired into the Debtor’s operating account from Transport South Insurance Agency, LLC in the amount of \$217,000.

12. Although the Trustee states in the Objection that “[a]fter the Petition Date, the Debtor held all premiums, return premiums, or other funds belonging to insurers that were received by the Debtor in trust and turned over such proceeds as appropriate,” the Trustee has not accounted for the balance of \$243,008.23 held in the Transport South Insurance Trust and these funds may have been transferred to the Debtor on May 25, 2020, when the Debtor received a wire in the amount of \$217,000 from Transport South Insurance Agency, LLC.

13. The last communication between AIG and the Trustee regarding these funds was an email sent by counsel for AIG to counsel for the Trustee on June 3, 2020.

14. If the Debtor received \$73,905.75 in Premiums from the Transport South Insurance Trust account after filing bankruptcy, the AIG Entities are entitled to an allowed administrative expense in the additional amount of \$73,905.75 because the Debtor's bankruptcy estate has benefitted from the use of these funds instead of turning over these funds to the AIG Entities. *See Matter of Growth Development Corp.*, 168 B.R. 1009, 1022 (1994) (allowing administrative expense claim for monies that debtor failed to pay as garnishee in garnishment proceeding).

This 30th day of September, 2020.

/s/ Gregory M. Taube
Gregory M. Taube
Georgia Bar No. 699166

Attorneys for Creditor
American International Group, Inc. (AIG)

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the within and foregoing
*RESPONSE TO OBJECTION BY TRUSTEE TO ADMINSTRATIVE EXPENSE
CLAIM FILED BY AIG ENTITIES* by depositing a copy of same in the United
States Mail in a properly addressed envelope with sufficient postage affixed thereto
to ensure delivery to the following:

Office of the U.S. Trustee
362 Richard Russell Federal Building
75 Ted Turner Drive, SW
Atlanta, GA 30303

American Underwriting Services, LLC
1255 Roberts Blvd.
Suite 102
Kennesaw, GA 30144

Henry F. Sewell, Jr.
Law Offices of Henry F. Sewell Jr., LLC
2964 Peachtree Road, NW, Suite 555
Atlanta, GA 30305

This 30th day of September, 2020.

/s/ Gregory M. Taube
Gregory M. Taube
Georgia Bar No. 699166

*Attorneys for Creditor
American International Group, Inc. (AIG)*

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EXHIBIT A

A/R Payment Batch Verification Report
 Batch 558446 For Period 1805 - Post Date of 5/16/2018
 Post to Cash Acct: 00-00-10120

ID #	Name	Ck Date	Check/Ref #	Ck Amount	Inv Total	Prev Bal	Cash Applied
AGT554	Rich Insurance Services APP001217	5/16/2018		\$1,488.00		(\$1,488.00)	\$1,488.00
AGT576	Jagdeep Singh Insurance Agency 067265	4/21/2018	TP9882748 02	\$72,417.75	\$85,371.30		\$71,142.75
	067266	4/21/2018	TGL5833197		\$1,517.40		\$1,275.00
					Batch Total		\$73,905.75

View All Activity

Request Successful

GREEN GLOBE

Enter your inquiry criteria in the form fields below, then choose 'View Results'.

Criteria

Account Number *

Inquiry Type *

Posting Date ☐ All available dates ☒ Range: From To

Account Details

Account Number: Transport South Insurance Trust

Balances as of 12:46:20 PM ET on 05/16/2018

Ledger Balance: \$168,550.05 Current Balance: \$243,008.23

Available Balance: \$243,008.23 1-Day Float: \$0.00

2-Day Float: \$0.00 3-Day Float: \$0.00

Net Activity Today: \$74,458.18 Related Available Balance: \$0.00

Results 1-32 | < > |

Date	Status	Description	Serial Number	Withdrawal Amount	Deposit Amount	Balance	Image
05/16/2018		PREAUTHORIZED CREDIT US Premium Finan CCD 180516 MAAZ Trucking L			\$552.43		
05/16/2018		PREAUTHORIZED CREDIT Capital Premium INS. PMT 180516			\$73,905.75		
05/15/2018		PREAUTHORIZED CREDIT PEOPLES INSURANC CASH C&D 180515 AUS			\$17,693.23	\$168,550.05	
05/15/2018		PREAUTHORIZED CREDIT US Premium Finan CCD 180515 Shiraz Motor Li			\$1,189.45	\$150,856.82	
05/15/2018		PREAUTHORIZED CREDIT Truckline Insura AUS 180515			\$13,235.45	\$149,667.37	
05/14/2018		PREAUTHORIZED WD CB&T CARD SERV. PAYMENT 180514		\$206.00		\$136,431.92	
05/14/2018		PREAUTHORIZED CREDIT US Premium Finan CCD 180514 J&I Transport L			\$928.46	\$136,637.92	
05/11/2018		TRANSFER REF 1311439L FUNDS TRANSFER TO DEP 1009794783 FROM WEBEXPRESS		\$20,000.00		\$135,709.46	
05/11/2018		TRANSFER REF 1311204L FUNDS TRANSFER TO DEP 1009794783 FROM WEBEXPRESS		\$15,000.00		\$155,709.46	
05/10/2018		ECP INCLEARING CHECK	1050	\$8,561.20		\$170,709.46	
05/10/2018		TRANSFER REF 1301156L FUNDS TRANSFER TO DEP 1009794783 FROM WEBEXPRESS		\$5,000.00		\$179,270.66	
05/09/2018		TRANSFER REF 1290643L FUNDS TRANSFER TO DEP 1001825650 FROM WEBEXPRESS		\$120,000.00		\$184,270.66	
05/08/2018		TRANSFER REF 1280546L FUNDS TRANSFER TO DEP 1009794775 FROM WEBEXPRESS		\$50,000.00		\$304,270.66	
05/08/2018		PREAUTHORIZED CREDIT ASSURED TRUCKING ACH Pmt Dena Bros Trucking LLC, CAL poli cy#A US4000224, End#11 nv#067252, Eff 4/1			\$154.96	\$354,270.66	
05/07/2018		TRANSFER REF 1271140L FUNDS TRANSFER TO DEP 1001825650 FROM WEBEXPRESS		\$125,000.00		\$354,115.70	
05/07/2018		PREAUTHORIZED CREDIT US Premium Finan CCD 180507 Lone Star Dedic			\$345,872.76	\$479,115.70	
05/04/2018		ECP INCLEARING CHECK	1025	\$86.48		\$133,242.94	
05/04/2018		TRANSFER REF 1241538L FUNDS TRANSFER TO DEP 1001825650 FROM WEBEXPRESS		\$85,000.00		\$133,329.42	
05/04/2018				\$5,000.00		\$218,329.42	